

Arizona State Parks Board

Staff Recommendations

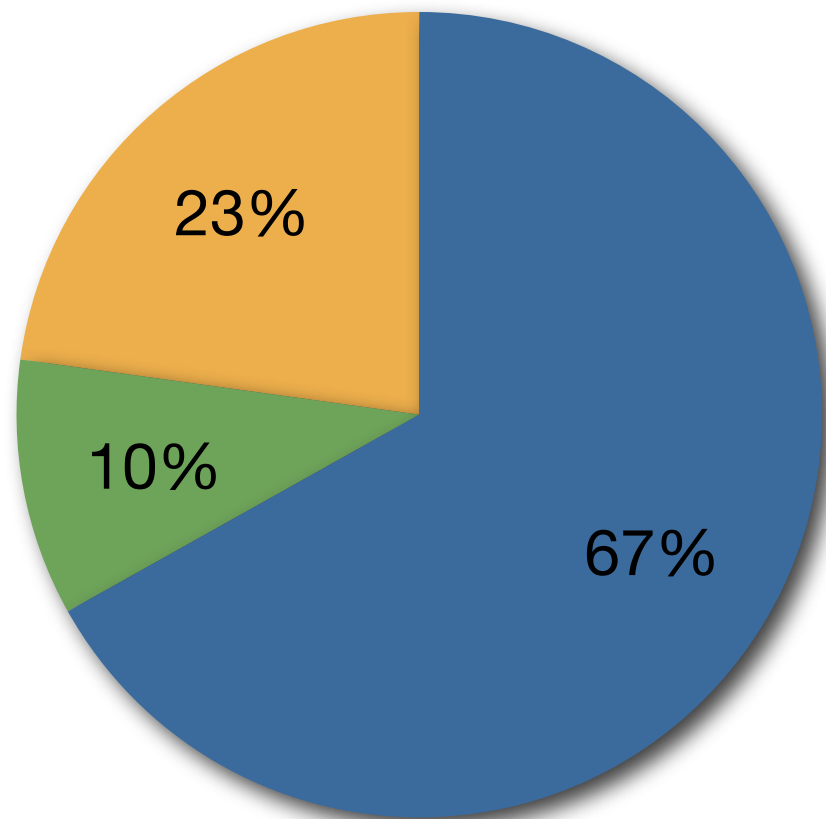
August 3, 2009

Staff Recommendations for FY 2010

Staff Recommendation:	Ongoing Operations:	\$19,345,000
	One-Time/Prior Year Cash:	<u>\$2,057,700</u>
	Total Budget:	\$21,402,700

- **Pending Budget Reconciliation Bills (BRB's) related to agency's operating authority are enacted**
- **Backfill Legislative Sweeps for FY 2010 Operating Budget**
- **Reinstate Suspended Heritage Fund Grants (Suspended in February 2009)**
- **Use all of State Lake Improvement Fund (SLIF) and Heritage Trails FY 2010 for Operating**
- **Eliminate FY 2010 Grant Cycles**
- **Use Capital Monies for State Park Projects**

Operating Expenditures by Program

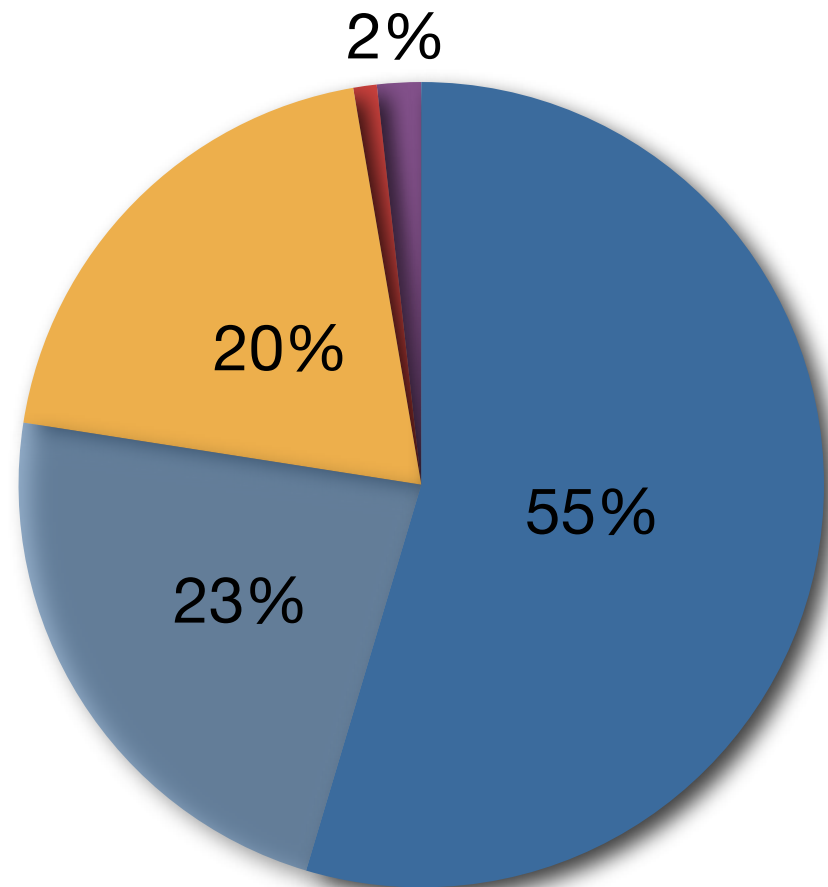


● Parks ● Partnerships ● Administration

- Parks
 - Operations
 - Development
 - Resource Management
- Partnerships
 - Historic Preservation
 - Grants
 - External Affairs
- Administration
 - Director's Office
 - Admin Services
 - Agency Support

Operating Expenditures by Category

- 78% Salaries and Benefits



Annual Operating Budget

- \$30 Million - Target
- \$26 Million - Beginning FY 2009
- \$21 Million - Annualized FY 2009
- \$19 Million - Proposed FY 2010 Ongoing Operating

FY 2010 Staff Recommendations for Lump-Sum Operating Budget-Ongoing

FY 2010 Fund Source	Amount
Enhancement Fund	\$ 8,195,000
Reservation Surcharge Fund	\$ 303,800
Heritage Fund Interest	\$ 270,000
Heritage Fund Natural Areas Operating	\$ 400,000
Heritage Fund Environmental Education	\$ 500,000
Heritage Fund Trails	\$ 100,000
Off-Highway Vehicle Fund (OHV)	\$ 953,600
State Lake Improvement Fund (SLIF)	\$ 4,981,600
Land Conservation Fund Interest	\$ 2,225,000
Federal Fund Operating	\$ 793,600
Partnerships Fund	\$ 112,400
Publication and Souvenirs Fund	\$ 500,000
Donations	\$ 10,000
Total Ongoing Budget FY 2010	\$ 19,345,000

Assumes all swept operations monies are backfilled

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Donations	\$ 10,000
Total Ongoing Operations FY 2010	\$ 19,345,000
Total One-Time Use of Prior Year Cash in FY 2010	\$ 2,057,700
Total Operating Budget FY 2010	\$ 21,402,700

Assumes all swept operations monies are backfilled

Staff Recommended Fund Sources for Reductions and Sweeps

Fund	Amount		OHV Cash Balance	HF-Natural Areas Acq. (FY 2010)	Heritage Fund Cash Balance	Total
Enhancement All Sweeps	\$ 3,185,000			\$ (1,700,000)	\$ (1,485,000)	\$ (3,185,000)
Reservation Surcharge	\$ 96,600				\$ (96,600)	\$ (96,600)
Heritage Fund Reduction	\$ 163,900				\$ (163,900)	\$ (163,900)
Publications Reductions	\$ 22,700				\$ (22,700)	\$ (22,700)
Partnerships Reduction	\$ 14,000				\$ (14,000)	\$ (14,000)
Donations Reductions	\$ 19,700				\$ (19,700)	\$ (19,700)
SLIF Sweep	\$ 3,048,200		\$ (500,000)		\$ (2,548,200)	\$ (3,048,200)
Subtotal	\$ 6,550,100		\$ (500,000)	\$ (1,700,000)	\$ (4,350,100)	\$ (6,550,100)
OHV Reduction*	\$ 116,600					No Backfill
OHV Sweep*	\$ 467,500					No Backfill
Total	\$ 7,134,200					\$ (6,550,100)

*Staff does not recommend backfilling OHV sweeps or reductions as these monies cannot be used for operating

Source Funds-Staff Recommendation

<u>Source Funds</u>	<u>Amount</u>	<u>Recommendation</u>
Off-Highway Vehicle		
OHV Cash Balance	\$ 500,000	Recommended for SLIF Sweep
OHV Revenue (FY 2010)	\$ 1,000,000	New Revenue
<u>Heritage Fund</u>		
Heritage Fund Available Balance	\$ 12,570,000	Recommend \$4.48 M to Backfill a variety of funds Fund \$6.15 M Suspended Grants
HF-Natural Areas Acq. (FY 2010)	\$ 1,700,000	Recommended for Enhancement Fund Sweep
HF-LRSP-ASP (FY 2010)	\$ 700,000	Recommended for Park Capital
HF-LRSP (FY 2010)	\$ 2,800,000	New Revenue
HF-Trails (FY 2010)	\$ 400,000	New Revenue
Heritage Acq & Dev (2010)	\$ 1,700,000	Recommended for Park Capital
Heritage Historic Pres (2010)	\$ 1,700,000	Recommended for Park Capital

Heritage Fund 2010- Fund Balances

Activity	Amount	Total
Cash Balance June 30, 2009	\$ 26,024,700	\$ 26,024,700
Park Capital Obligations	\$ (7,616,300)	\$ 18,408,400
FY 2010 Transfer to ASLD	\$ (465,000)	\$ 17,943,400
FY 2010 Fire Suppression	\$ (3,000,000)	\$ 14,943,400
FY 2010 Operating Ongoing	\$ (1,170,000)	\$ 13,773,400
FY 2010 Operating One-Time	\$ (1,200,000)	\$ 12,573,400
		\$ 12,573,400

*

Assumes no new Lottery Income in Spring 2010

*Suspended Grants Total \$6.1451 M

Heritage Fund 2010- Projected Balances

Activity	Amount	Total
	Balance Forward	\$ 12,573,400
Suspended Grants	\$ (6,145,099)	\$ 6,428,301
Section 111 Transfers (Backfill)	\$ (4,350,100)	\$ 2,078,201
		\$ 2,078,201

FY 2010 Staff Recommendations for Capital Project Funds

2010 Fund Source	Amount
Heritage Fund Acquisition & Development	\$ 1,700,000
Heritage Fund Local, Regional, State Park (LRSP)	\$ 700,000
Heritage Fund Historic Preservation (HP)	\$ 1,700,000
Federal Land and Water Conservation Fund	\$ 518,919
Enhancement Fund Cash Balance- Tonto Lease Payment	\$ 448,300
Total	\$ 5,067,219

Contingencies to Rescind Suspension of Prior Heritage Fund Grants

Staff Recommendation: Reinstate Suspended Heritage Fund Grants

Contingent On:

- **Favorable JLBC Review of SB 1188, Section 111 fund transfers in committee review process**
- **Pending Budget Reconciliation Bills (BRB's) related to agency's operating authority are enacted**

FY 2010 Grant Cycles

Staff Recommendation: Cancel FY 2010 Grant Cycle

- **State Lake Improvement Funds (SLIF)**
 - Utilizing all funds for operating
- **Heritage Fund- Local, Regional, and State Parks (LRSP)**
 - Utilizing 20% for State Parks capital projects
- **Heritage Fund- Trails**
 - Utilizing 20% for State Parks operating
- **Heritage Fund- Historic Preservation (HP)**
 - Utilizing for State Parks capital projects
- **Off-Highway Vehicle Program**
 - Utilizing a portion for State Parks operating
- **Land and Water Conservation Fund (LWCF)**
 - Utilizing for State Parks capital projects

Operating Budget 2010 Risk Factors

- **The agency is relying on revenue forecasts, not actuals**
- **JLBC Review of fund transfers is required**
- **Cancel certain FY 2010 grant program cycles for the first time**
- **Use of carry-forward cash balances may push financial problems into FY 2011**
- **State Lake Improvement Fund (SLIF) revenues will be 40% lower than FY 2009**
- **Interest yields on funds are below 1%**
- **No proposed programmatic growth (development, acquisition, agency programs, planning)**
- **Open parks generate revenue and goodwill**

Recommended Action Items

- **Approve FY 2010 (revised), FY 2011, and FY 2012 Operating Budgets**
- **Approve Revised FY 2009, FY 2010, and FY 2011 Agency Strategic Plan**
- **Approve the Arizona State Parks Capital Improvement Plan for FY 2011 and FY 2012**
- **Cancel the FY 2010 Grant Cycles for the SLIF, Heritage Fund, OHV, and LWCF Grant Programs**
- **Reinstate the Funding and Lift the Suspension of the Heritage Fund Grants Suspended in FY 2009**

If Budget Reconciliation Bills (BRB's) are not Reinstated Resulting Lump-Sum Operating Budget FY 2010

FY 2010 Fund Source	Amount
Enhancement Fund	\$ 4,097,500
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Federal Fund Operating	\$ 793,600
Partnerships Fund	\$ 112,400
Publication and Souvenirs Fund	\$ 500,000
Donations	\$ 10,000
Total Ongoing Operations FY 2010	\$ 12,830,400
Total One-Time Use of Prior Year Cash in FY 2010	\$ 2,057,700
Total Operating Budget FY 2010	\$ 14,888,100

Assumes all swept operations monies are backfilled